



SOUTH DAKOTA NATIONAL GUARD FAMILY READINESS PROGRAM



***FRG Dollars,
Donations and
Fundraising***



Family Readiness Group

Topics Covered



- FRG Informal Fund
 - Opening an Account
 - FRG Informal Fund Standard Operating Procedure
 - Use of Funds
 - Maintenance of the Account
 - Reporting
- Fundraising
 - Statutory volunteers
 - Gratuitous volunteers
- Donations and gifts





Family Readiness Group Informal Fund (Checking Account)

Opening an Account



Family Readiness Group

Informal Fund (Checking Account)



Opening an Account

- Having an FRG Informal Fund is optional, not all FRGs maintain an account.
- Remember the purpose of the FRG is not about money.



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Informal Fund (Checking Account)



Opening an Account

- Informal funds are private funds generated by FRG members that are used to benefit the FRG membership as a whole.



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Informal Fund (Checking Account)

Opening an Account



- FRGs **may** open an informal fund (checking account) providing the following conditions are met:
 1. Commander's approval to open the account – take letter to bank signed by commander authorizing
 2. A Treasurer and Alternate Treasurer (volunteers) are appointed on a duty appointment memorandum
 3. If you do not have an account, you do **not** need a treasurer/alternate treasurer
 4. Account must be non interest bearing since FRG is NOT for Profit
 5. Have **two authorized volunteer signatures** (all checks require 2 authorized signatures)
 6. FRG Checking Account has a Standard Operating Procedure (SOP)



Family Readiness Group Informal Fund (Checking Account



- **Opening an Account**

- **Where to maintain checkbook**

- Determined by unit & location of treasurer
- Online banking gives oversight by others



Family Readiness Group Informal Fund (Checking Account)



- When can service members be signatories on a FRG account?
 - If a prolonged period of FRG inactivity occurs (family members are no longer involved) - Commander may secure the account until a new FRG is formed rather than close the account
 - To ensure two signers are on the account
 - To help ensure, if possible, the FRG leader is not a signer on the account
 - Commanders should never be signers on the account



Family Readiness Group Informal Fund (Checking Account)



Opening an Account

- **Prior to opening an account -File Internal Revenue Service Form SS4**
- To obtain a tax ID number (for banking purposes only).
- This tax ID number is called an Employer Identification Number
- Needed to avoid use of personal Social Security Numbers when opening FRG checking account
- Avoids any potential personal IRS tax liabilities related to the FRG account income
- Log onto www.irs.gov





Family Readiness Group Informal Fund (Checking Account)

FRG Informal Fund Standard Operating Procedure (SOP)



Family Readiness Group

Informal Fund (Checking Account)



FRG Informal Fund Standard Operating Procedure (SOP)

- FRGs with a checking account must have an SOP per Army Regulation 608-1 Appendix J, paragraph 7c.
 - Helps the FRG membership to understand what FRG dollars can be used for



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Informal Fund (Checking Account)



FRG Informal Fund Standard Operating Procedure (SOP)

- At a minimum, your SOP must include:
 - 1. FRG Name
 - 2. **Description of FRG purpose and function of the fund** stating that: expenses will be consistent with its purpose
 - 3. Statement that says account is not a business or for profit. (see slide 13)



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Informal Fund (Checking Account)

FRG Informal Fund(SOP)



- Following statement, “FRG’s informal fund’s purpose and function are to provide support, recognition, education and information to help prepare families for mobilization and their continued participation in the National Guard.
- The FRG informal fund is for the benefit of its members only. It is not a business and is not being run to generate profits. FRG expenditures will be in accordance with the wishes of the majority of FRG members and all fundraisers must have Command approval before proceeding. The FRG is not an instrumentality of the United States Government.”



Family Readiness Group Informal Fund (Checking Account)



FRG Informal Fund(SOP)

- The SOP can be included in Paragraph 6 of the FRG Family Readiness Plan (Sanction)



Family Readiness Group Informal Fund (Checking Account)



FRG Informal Fund (SOP)

- SOP is signed by treasurer, alternate treasurer, FRG Leader and Commander
- SOP is filed in the Unit's Family Readiness Binder and a copy forwarded to your Family Readiness Support Assistant



Family Readiness Group Informal Fund (Checking Account)



Use of Funds

*Expenditures must benefit the
entire FRG membership in
some way*



Family Readiness Group Informal Fund (Checking Account)



Use of Funds

- FRG informal funds can not:
 - Be used to purchase items or services which may be paid for with appropriated (military) funds
 - Or for items not related to the FRG such as service member farewell gifts or the unit military ball
 - Funds can not be given to a military unit to purchase additional supplies, equipment, or to fund additional training again items which can be purchased with appropriated (military) funds



Family Readiness Group Informal Fund (Checking Account)



Use of Funds

- FRG informal funds can not:
 - Augment the “unit fund”
 - Can not be deposited or mixed with personal funds



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Informal Fund (Checking Account)



Use of Funds

FRG informal funds can be used for:

- Special life events to foster service member and family cohesion and morale such as: births, birthdays, welcome new members
- FRG volunteer training
- Meeting refreshments
- Deployment and reunion activities
- Childcare expenses during FRG events
- Postage, newsletter publication, and operating supplies in support of the FRG
- And any authorized expense approved in advance and in accordance with the FRG spending plan





Family Readiness Group Informal Fund (Checking Account)

Maintenance of the Account



Family Readiness Group Informal Fund (Checking Account)



Maintenance of the Account

- Account balance is limited to **\$10,000**
- The account balance can not exceed \$10,000 at any time
- FRG's annual income is also capped at \$10,000
- Annual or Fiscal Year will be the calendar year from Jan 1 – Dec 31



Family Readiness Group

Informal Fund (Checking Account)



Maintenance of the Account

- If the account balance drops below **\$10,000** (after already reaching \$10,000 income for the year), more funds can not be raised for the remainder of that calendar (fiscal) year
- **Because** once the income exceeds **\$10,000 for the fiscal year**, it can then be considered a Private Organization (like Red Cross, Boy/Girl Scouts)
- **And** could then be subject to IRS regulatory requirements & tax liabilities



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Informal Fund (Checking Account)



- Can you carry over income from the previous fiscal year and still raise \$10,000 in the new fiscal year?
 - For example, the FRG has \$4000 at the end of the fiscal year. Can you raise \$10,000 in the new fiscal year or only \$6000?
 - You can raise \$10,000, but the account balance cannot exceed **\$10,000** at any time and the annual income cannot exceed \$10,000 in order to avoid tax liabilities
 - Good, clear accounting records need to be maintained to reflect and delineate this – **MAINTAIN RECEIPTS**



Family Readiness Group Informal Fund (Checking Account)



Maintenance of the Account

- FRGs **ARE NOT** a non profit organization
 - 501-3c (like Red Cross, Girl/Boy Scouts)
 - This is an IRS status which allows donors to receive IRS tax advantages
 - 501-3c organizations have a tax exempt number
- FRGs **ARE** a Not for profit organization
 - FRGs do not have a tax exempt number, therefore they pay sales tax
 - FRGs can not offer donors IRS tax advantages for donations



Family Readiness Group Informal Fund (Checking Account)



Maintenance of the Account

- **Financial Committee**
- Primary mission of the Committee:
 - Review and approve proposed FRG expenditures
 - All expenditures over \$200 will go before the body of the FRG for consideration based on recommendations of the committee
 - FRG will hold final approval authority through a voting process
 - Most business done via email





Family Readiness Group Informal Fund (Checking Account)

Reporting



Family Readiness Group Informal Fund (Checking Account)



Reporting

- Treasurer provides treasurer's report to commander, State Family Readiness Office and to the FRG families

Non-deployed: Due Annually by 15 Jan
(Report can be requested more often)

Deployed: Due Quarterly by mid month -
(Mar, Jun, Sep, Dec)



Family Readiness Group Informal Fund (Checking Account) Reporting



- Treasurer's Report includes 3 items:
 1. Report memorandum
 2. Copy of all bank statements since last report
 3. Copy of all Checkbook Register transactions since last report
 - a. File original in the Unit's Family Readiness Binder, Tab 4
 - b. Report signed by Commander
 - c. Send copy to your Family Readiness Support Assistant



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Informal Fund (Checking Account)



- *Transitioning the Account*

- Turn all documents and checkbook over to the new Treasurer, Unit or authorized FRG Representative
- Need letter authorizing change of signatories from commander to take to the bank
- Complete Transitional Treasurer Report



Family Readiness Group

Informal Fund (Checking Account)



• Closing the Account

- Turn all documents and checkbook over to the Unit or authorized FRG Representative
- Need letter authorizing closure from commander to take to the bank
- Complete final Treasurer Report
 - **Submit** to your Family Readiness Support Assistant with:
 - Zero balance bank statement
 - Copy of commander's letter authorizing account closure



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Checking Account - Checklist



- ✓ Authorized by Commander
- ✓ Account cannot exceed \$10,000 balance at any time / annual income also capped at \$10,000 per calendar yr.
- ✓ Must have a valid EIN Number (IRS tax ID #)
- ✓ Non-interest bearing account
- ✓ 2 signers; a treasurer and alternate treasurer (if possible, always non military)
- ✓ Must have a FRG Informal Fund SOP
- ✓ Leadership (Controlled by statutory Volunteer(s))
- ✓ Limited to fundraising on the installation/armory ("by us – for us")
- ✓ Subject to audit by the Commander and the State Family Readiness Office





Family Readiness Group

Fundraising – Can We?

“by us for us”



Family Readiness Group Fundraising



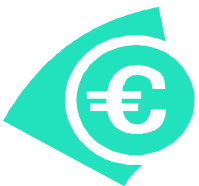
- Can be done if there is a specific purpose for the funds (for which Appropriated (military) funds are not authorized).



Family Readiness Group Fundraising



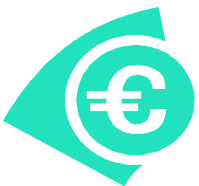
- **Questions to ask prior to fundraising:**
 - Why do we need to raise the money?
 - Will it benefit the entire FRG membership?
 - Has the commander approved it?
 - Does it duplicate other resources within the community?
 - Can we get it somewhere else?
 - Is it an authorized fund raiser according to guidance?
 - Has it been discussed with FRG members at a meeting?



Family Readiness Group Fundraising



- Examples of authorized **FRG** fundraisers include:
 - Bake sales
 - Car washes
 - Fun runs
 - Concession booth at installation/unit events
 - Talent show
 - Opportunity (silent) auctions of donated goods and services

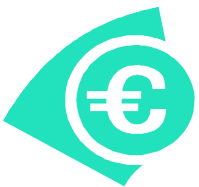


Family Readiness Group

Fundraising



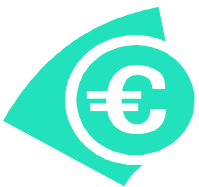
- Examples of prohibited **FRG** fundraisers include:
 - Gambling
 - Chain letters and pyramid schemes
 - Door to door solicitations
 - Any activity involving military members in uniform
 - Any activity or product that is dangerous or unduly risky
 - Any activity on private property without proper permission





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WHO *Can Fundraise?*

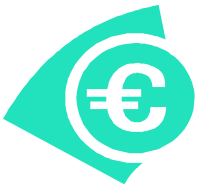


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WHO Can Fundraise?



- 2 Family Readiness Group Volunteer Categories
 - Statutory
 - Gratuitous
- What are the differences in the 2 categories?



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WHO Can Fundraise?



- **Statutory** FRG members may only conduct internal fundraising amongst themselves (**“by us for us”**) which means within the National Guard property and National Guard members and their families.
- **Gratuitous** FRG members may conduct fundraising completely separate from the FRG and unit at any time.



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Statutory Volunteers



- **Statutory volunteers** serve in official capacity in direct support of the National Guard Family Program like FRG Lead Volunteers and treasurers.
- Seek credit for their volunteer hours
- Have signed Volunteer Agreement (**DD 2793**) & on file in State Family Readiness Office (also signed by SFPD)
- Agreement states that they donate time and services to FRG projects and activities

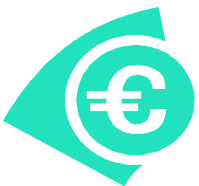


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Statutory Volunteers



- Recognized as official in matters of tort claims & for purposes of reimbursement under provision 10, US Code 1588
- Can be reimbursed for expenses such as paying for postage
- May be placed on Invitational Travel Orders



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Gratuitous Volunteers



- **Gratuitous volunteers** have Not signed a volunteer agreement (**DD 2793**)
- Periodically offer support to FRG, but not in an official capacity
- Can engage in fundraising efforts outside of the FRG as long as they DO NOT represent themselves as being connected to the FRG or the military
 - Call themselves “Friends of “ **or** “Supporters of” **not** “888th Family Readiness Group”



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Gratuitous Volunteers & Fundraising



- No endorsement by the National Guard (military)
- Completely separate from the FRG
- Not controlled by the military or FRG, **but**
 - Subject to laws on reporting of income and potential tax liabilities to the IRS
- Have completely separate account from the FRG
- Can make a donation to the FRG
 - Per SDNG 600-29



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Official FRG vs Informal Organization

Official FRG:

- Consists of Statutory Volunteers
- Sanctioned by commander, endorsed by the military
- Government Entitlements
- Authorized Appropriated Funds for Travel/Training
- Account limited to \$10,000
- "By us for us" fundraising

Informal Organization:

- Consists of Gratuitous volunteers
- Not controlled by the military or FRG, no military endorsement
- No \$ limit to account, but subject to laws on reporting of income and potential tax liabilities after \$10,000
- Completely separate from the FRG
- Can fundraise outside of FRG and military
- Separate account from FRG





Another Option

- Supplemental Mission Fund
 - Located at State Finance Office
 - Representative from each Major Command
 - Dollars cannot be earmarked for unit
 - Dollars are utilized to conduct Family Program operations in units
 - Items that appropriated dollars do not cover
 - Request through Major Command Administrative Officer





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Donations and Gifts – Can We?



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Donations and Gifts



Unit commanders in conjunction with the State Family Readiness Director may accept unsolicited donations to the FRG informal fund of \$1000 or less per donation from private organizations or Individual donors

Donation accepted on
SDNG Form 600-29

In the commander's absence (during deployment) the Rear Detachment Commander would act on their behalf



Family Readiness Group

Donations and Gifts



What does that mean?

- **Providing:**
- 1) each donation from an organization or individual does not exceed \$1000 (annually)
 - a) multiple donations from an organization or individual annually does not follow the intent of National Guard Bureau funding guidance.



Family Readiness Group

Donations and Gifts



What does that mean?

- 2) total donations from organizations and donors do not exceed the \$10,000 annual income limit
- 3) A contribution form (SDNG 600-29 Donation Acceptance form for FRGs) is completed prior to acceptance of the donation and on file at the unit and state Family Readiness Office.
 - All donations must be unconditional



Family Readiness Group

Donations and Gifts



(As stated on) SDNG Form 600-29

I acknowledge this gift to a Family Readiness Group which is not a Charitable nor a Non Profit organization. This gift is given without representation of any IRS tax advantages and that I am responsible for consulting with qualified tax professionals regarding tax planning.

Found in treasurer's handbook or online at
<https://sdguard.ngb.army.mil> or by contacting the
State Family Readiness Office



Family Readiness Group

Donations and Gifts



- Unsolicited gifts or donations to the FRG are considered income and impact the FRG annual \$10,000 income limit.
- All donations must be unconditional



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For Questions or Assistance



- If your FRG is considering a fund raising project, do not hesitate to call the State Family Readiness Office with your questions or concerns. In regards to money, it is always best to ask questions first **because**

- Each situation is different. We are able to research funding guidance and seek legal counsel from our Judge Advocate (if necessary) to help ensure your FRG is following funding guidance regarding fundraising.



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For Questions or Assistance



- Don't be discouraged that guidance seems to contain many Nots, Must Dos and Shoulds
 - Please note this is for the military, the commander's and the Family Readiness Group's protection. Remember the goal of the FRG is not to raise money
 - Do contact us so we can help you find the right way to do something

Our goal is not to say No (unless it needs to be No), but to advise you about the right way to do it



Family Readiness Group

For Questions or Assistance



- Call 605-737-6089/6728/6310/357-2970 – Service Member and Family Support Office
- Treasurer's Handbook located on website
 - Includes Treasurer Forms in word for easy use
- Log on to <https://sdguard.ngb.army.mil>
 - Click on Family Readiness link
 - Click on Family Readiness Groups
 - Click on FRG Treasurer Information



Family Readiness Group

FRG Dollars, Donations & Fundraising



- Last updated 3/2013

